GOVERNMENT OF INDIA
COAL AND MINES
LOK SABHA

STARRED QUESTION NO:218
ANSWERED ON:18.03.2002
PRIVATE INVESTMENT IN MINES AND MINERAL SECTOR
CHANDRAKANT BHAURAO KHAIRE;RAM PRASAD SINGH

Will the Minister of COAL AND MINES be pleased to state:

(a) whether the Government have decided to encourage private investment in mines and minerals sector;

(b) if so, the details thereof;

(c) whether the Government have received any proposal from private companies for investment in these sectors and exploration of coal in different coalfields;

(d) if so, the details thereof; and

(e) the terms and conditions under which private investment proposals have, if any, been accepted?

Answer

THE MINISTER IN THE MINISTRY OF COAL AND MINES (SHRI RAM VILAS PASWAN)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN THE REPLY TO STARRED QUESTION No. 218 SLATED FOR ANSWER IN THE LOK S ON THE 18TH MARCH, 2002, REGARDING PRIVATE INVESTMENT IN MINES AND MINERAL SECTOR.

(a) to (e): Yes, sir. The National Mineral Policy for 1993 recognised the need for encouraging private investment including foreign direct investment and State-of -the -Art technology in mineral sector. The Mines and Minerals (Development and Regulation) Act. 1957 was amended in 1994 and 1999 which resulted in simplification of procedure for grant of mineral concessions, and delegation of powers to the State Government.

Accordingly, 13 minerals hitherto reserved for public sector were thrown open for private investment. These included iron ore, manganese ore, chrome ore, sulphur, gold copper, lead, zinc, molybdenum, tungsten, diamond, nickel and platinum group of metals. Further, restriction on foreign equity holding in mining sector companies registered in India was removed in 1994. The tenure of mining leases was stabilized at a minimum of 20 years and at a maximum of 30 years. The requirement to obtain prior approval from the Central Government before granting of mineral concession was done away with in respect of 15 minerals in 1994, and in addition, since 1999, such requirement is not necessary even for limestone. Also since 1999, the concept of reconnaissance operations as a stage of operation distinct from and prior to prospecting operations has been introduced. The State Governments are fully empowered to renew, transfer and amalgamate mining leases for all non fuel and non atomic minerals.

Further, in line with the policy of the Government to encourage private investment in the mining sector, including foreign investment, all proposals for foreign direct investment in the mining sector are eligible for automatic approval, except for precious stones and diamonds, for which automatic approval for foreign direct investment is permissible up to 74% and except also for fuel and atomic minerals, for which a separate foreign direct investment Policy applies.

In response to the liberalization measures, the entrepreneurs have taken 65 large area prospecting licenses, covering an area of over 90 thousand square kilometers. Also, after the amendment in the Mines and Minerals (Development and Regulation) Act,1957 in 1999, 72 Reconnaissance Permits covering an area of over 86,500 square kilometers have been approved by the Central Government. Further, the Government has so far approved 70 proposals of foreign direct investment in the mining sector involving likely investment of Rs. 3963 crores.

For Coal, the Government have taken steps to open the coal sector for private participation.Accordingly the Coal Mines (Nationalisation) Amendment Bill, 2000 to amend the Coal Mines (Nationalisation) Act, 1973 has been introduced in the Parliament with the following objectives:-

(i) To allow Indian companies i.e. companies registered in India to mine coal and lignite without the existing restriction of captive consumption; and

(ii) To engage in exploration of coal and lignite resources in the country.